

Congress of the United States
Washington, DC 20515

November 10, 2021

The Honorable Miguel Cardona
Secretary of Education
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, DC 20202

Dear Secretary Cardona:

Thank you for your commitment to ensuring that higher education is more affordable and accessible for all students. We know that completing higher education creates a solid foundation on which Americans can embark on a fulfilling career path and enter the middle class. However, the high cost of college and the difficulty many borrowers face in repaying their student loans can create a life-long burden for students and their families after college. As the Department of Education continues its negotiated rulemaking process to consider improvements to federal higher education policy, we are pleased that improving income-driven repayment is central to this discussion. We urge you to include a more generous income-driven repayment plan to help families afford higher education and more easily repay their student loans.

As you know, in October the Department of Education began its negotiated rulemaking process to discuss updates to federal financial aid for students, federal student loan repayment programs, and policy improvements that will make higher education more affordable and accessible. To expand access to higher education and protect student loan borrowers, we must address the burden and difficulties that are faced by the more than 40 million student loan borrowers who collectively hold over \$1.5 trillion in student loan debt. Adding to this overwhelming burden, there are currently eight different federal loan repayment options for borrowers, which can make it difficult for borrowers to understand their options and choose the best repayment plan for their circumstances. As a result of this confusion, many borrowers end up in repayment plans that burden them with unaffordable monthly loan payments and then struggle to make progress toward repaying their loans.

A fundamental way to address this situation is to ensure that income-driven repayment plans are more accessible and affordable for borrowers. These repayment plans support borrowers by tying monthly loan payments to a borrower's income, capping the loan payments at a small percentage of the borrower's discretionary income, and providing loan forgiveness on the remaining loan balance after a decade or more of on-time repayments. With this approach, we can better support borrowers as they make payments on their loans, reduce their likelihood of defaulting on their student loan debt, keep good credit, and establish a career path after graduation.

Specifically, to better support student loan borrowers, we urge you to consider the following changes to our student loan repayment system:

- Simplify the enrollment of student loan borrowers in income-driven repayment plans by sunsetting current income-driven repayment plans and creating a new, more generous income-driven repayment plan. This will alleviate the burden on borrowers to navigate the complex student loan repayment system alone and steer them toward a plan that has a higher chance of supporting their successful loan repayment.
- Cap monthly student loan payments at not more than 10 percent of student loan borrowers' discretionary income.
- Calculate discretionary income including only an amount equal to 250 percent of the federal poverty line or at least 200 percent of the federal poverty line based on the borrower's family size.
- Allow borrowers who earn less than 250 percent or at least 200 percent of the federal poverty line to make monthly loan payment amounts of zero until their earnings improve and count these months toward eventual loan forgiveness.
- Forgive any remaining loan debt after not more than 20 years of payments are made in an income-driven repayment plan. Additionally, this loan forgiveness should not be considered taxable income.
- Prioritize robust communication with borrowers to ensure they are informed about their repayment options and about the benefits of income-driven loan repayment plans.
- Increase transparency, oversight, and accountability of student loan servicers, to ensure borrowers are informed about their loan repayment options and the benefits of income-driven repayment plans.

Together, these changes will greatly increase the supports that federal student loan borrowers receive while repaying their loans. Borrowers in income-driven repayment plans have better outcomes, lower monthly loan payments, and are less likely to default on their student loans than borrowers in other types of repayment plans. Given the potential for success in this type of repayment plan, we should make these plans simpler and more generous for borrowers. Supporting student loan borrowers is good for our economy, good for borrowers, and protects both taxpayers and borrowers from the severe consequences of student loan default.

The Department of Education has a strong opportunity now to support millions of borrowers and ease their student loan repayment burden and economic recovery during the COVID-19 pandemic. We recommend that you seriously consider implementing these changes to better support borrowers and make higher education more affordable and accessible for everyone.

Sincerely,



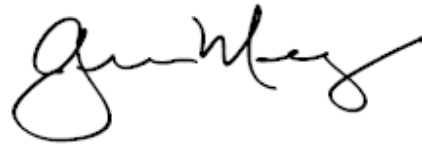
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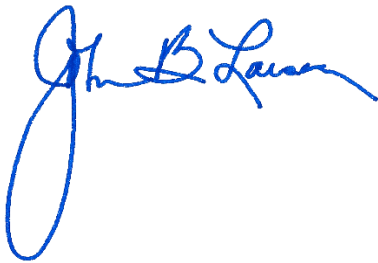
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